

AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 546

Introduced by Assembly Member Stone

February 20, 2013

An act to amend Section 10110.1 of the Insurance Code, relating to insurance 24304.2 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 546, as amended, Stone. ~~Insurance: life and disability insurance: insurable interest.~~ *Local government: consolidation of offices.*

Existing law authorizes the board of supervisors in Mendocino County, Sonoma County, Trinity County, and Tulare County to consolidate the duties of the offices of Auditor-Controller and Treasurer-Tax Collector into the elected office of Auditor-Controller-Treasurer-Tax Collector.

This bill would additionally authorize the board of supervisors in Santa Cruz County to consolidate the duties of the offices of Auditor-Controller and Treasurer-Tax Collector into the elected office of Auditor-Controller-Treasurer-Tax Collector.

~~Existing law provides, among other things, that an insurable interest, with reference to life and disability insurance, is an interest based upon a reasonable expectation of pecuniary advantage through the continued life, health, or bodily safety of another person and consequent loss by reason of that person's death or disability or a substantial interest engendered by love and affection in the case of individuals closely related by blood or law.~~

~~This bill would make technical, nonsubstantive changes to those provisions:~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 24304.2 of the Government Code is~~
2 ~~amended to read:~~

3 ~~24304.2. Notwithstanding Section 24300, in Mendocino~~
4 ~~County, Santa Cruz County, Sonoma County, Trinity County, and~~
5 ~~Tulare County, the board of supervisors, by ordinance, may~~
6 ~~consolidate the duties of the offices of Auditor-Controller and~~
7 ~~Treasurer-Tax Collector into the elected office of~~
8 ~~Auditor-Controller-Treasurer-Tax Collector.~~

9 ~~SECTION 1. Section 10110.1 of the Insurance Code is~~
10 ~~amended to read:~~

11 ~~10110.1. (a) An insurable interest, with reference to life and~~
12 ~~disability insurance, is an interest based upon a reasonable~~
13 ~~expectation of pecuniary advantage through the continued life,~~
14 ~~health, or bodily safety of another person and consequent loss of~~
15 ~~that person by reason of death or disability or a substantial interest~~
16 ~~engendered by love and affection in the case of individuals closely~~
17 ~~related by blood or law.~~

18 ~~(b) An individual has an unlimited insurable interest in his or~~
19 ~~her own life, health, and bodily safety and may lawfully take out~~
20 ~~a policy of insurance on his or her own life, health, or bodily safety~~
21 ~~and have the policy made payable to whomsoever he or she pleases,~~
22 ~~regardless of whether the beneficiary designated has an insurable~~
23 ~~interest.~~

24 ~~(c) Except as provided in Section 10110.4, an employer has an~~
25 ~~insurable interest, as referred to in subdivision (a), in the life or~~
26 ~~physical or mental ability of any of its directors, officers, or~~
27 ~~employees or the directors, officers, or employees of any of its~~
28 ~~subsidiaries or any other person whose death or physical or mental~~
29 ~~disability might cause financial loss to the employer; or, pursuant~~
30 ~~to a contractual arrangement with a shareholder concerning the~~
31 ~~reacquisition of shares owned by the shareholder at the time of his~~
32 ~~or her death or disability, on the life or physical or mental ability~~
33 ~~of that shareholder for the purpose of carrying out the contractual~~

1 arrangement; or, pursuant to a contract obligating the employer as
2 part of compensation arrangements or pursuant to a contract
3 obligating the employer as guarantor or surety, on the life of the
4 principal obligor. The trustee of an employer or trustee of a
5 pension, welfare benefit plan, or trust established by an employer
6 providing life, health, disability, retirement, or similar benefits to
7 employees and retired employees of the employer or its affiliates
8 and acting in a fiduciary capacity with respect to those employees;
9 retired employees, or their dependents or beneficiaries has an
10 insurable interest in the lives of employees and retired employees
11 for whom those benefits are to be provided. The employer shall
12 obtain the written consent of the individual being insured.

13 (d) ~~Trusts and special purpose entities that are used to apply for~~
14 ~~and initiate the issuance of policies of insurance for investors;~~
15 ~~where one or more beneficiaries of those trusts or special purpose~~
16 ~~entities do not have an insurable interest in the life of the insured;~~
17 ~~violate the insurable interest laws and the prohibition against~~
18 ~~wagering on life.~~

19 (e) ~~A device, scheme, or artifice designed to give the appearance~~
20 ~~of an insurable interest where there is no legitimate insurable~~
21 ~~interest violates the insurable interest laws.~~

22 (f) ~~An insurable interest shall be required to exist at the time~~
23 ~~the contract of life or disability insurance becomes effective, but~~
24 ~~need not exist at the time the loss occurs.~~

25 (g) ~~A contract of life or disability insurance procured or caused~~
26 ~~to be procured upon another individual is void unless the person~~
27 ~~applying for the insurance has an insurable interest in the individual~~
28 ~~insured at the time of the application.~~

29 (h) ~~Notwithstanding subdivisions (a), (f), and (g), a charitable~~
30 ~~organization that meets the requirements of Section 214 or 23701d~~
31 ~~of the Revenue and Taxation Code may effectuate life or disability~~
32 ~~insurance on an insured who consents to the issuance of that~~
33 ~~insurance.~~

34 (i) ~~This section shall not be interpreted to define all instances~~
35 ~~in which an insurable interest exists.~~